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JUN 25 1990

DIVISION OF
OIL, GAS & MINING

JUMBO MINING CO.

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Austin, Texas 78730
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Telex # 76-7177

Received 6-25-90
HMS

June 22, 1990
File: UDH6220

DOG M
MINERALS PROGRAM
FILE COPY

Mr. David A. Rupp, P.E.
Environmental Engineer
Utah Department of Health
Division of Environmental Health
P.O. Box 16690
Salt Lake City, Utah 84116-0690

FAX NO. 801-538-6016

Dear Mr. Rupp:

u/027/007

Re: DRUM MINE PROJECT
Agenda for meeting 6/25/90

Thank you for arranging to meet with me and my colleagues concerning various permit matters which are pending on the Drum Mine Project. We are advised that Wayne Hedberg of the OGM will also attend this meeting.

Our situation at the Drum Mine is such that while we hope to be able to locate additional ore reserves, the known reserves are limited to 400-500,000 tons of relatively low grade ore. This amount could easily be placed on top of one or more of the existing heaps, within the 60' height limit previously discussed, thus preventing the wasted resources implicit in building one or more new heaps in the area.

1) NEW HEAP PERMIT APPLICATION:

We plan to continue an active exploration program in this mining area, and if we are successful in finding additional reserves, it is our intention to build a new heap leach pad. To this end we would like to proceed with the construction permit application without further delay, so that in the event that we find additional reserves we will be ready to start construction.

2) EXISTING HEAPS--OPERATING PERMITS FOR No. 2LG & No. 7 HEAPS:

Alternatively, if our exploration is not successful, we would hope to take advantage of the existing heaps, adding the known reserves on top of the existing, leached out ores. To this end, we are submitting today to the Division of Oil, Gas and Mining our offer to provide without reservation the reclamation bonding for heaps No.'s 2LG and 7. This should overcome the road block that WSMC has at the last minute thrown in the path of carrying out the leak testing required by your Agency. It is our intention to proceed with this test as soon as we are cleared by DOGM, with the understanding that we have complied with all of your Division's requirements for this test.

In the event that this test demonstrates the absence of leakage, it is our intention to request that these two heaps be approved for addition of new ores up to the 60 foot height limit, and for continued leaching

for an additional two years.

3) EXTENSION OF OPERATING PERMITS FOR HEAPS 1,2, & 3:

In addition to the above items, we would like to pursue with your Division the long discussed extension of permission to continue leaching of several of the heaps which were properly permitted by WSMC originally, past the existing October 1, 1990 deadline.

Specifically, we request permission to continue leaching heaps No.1, and No.2 for another two years, adding new ore thereto to a maximum height of 60 ft. It is our belief that the test wells that we have drilled on the perimeter of these heaps have demonstrated that they are not likely to be leaking, and we have previously submitted evidence that the liner condition is good on these heaps. It is our understanding that all other Department requirements have been fulfilled.

Your Department has a consultant's report in its files which testifies as to the good physical conditions of these heaps, and this has been corroborated by several examinations by your engineers. We propose to provide a 15 foot setback, safety bench around the edge of the old heaps, so as to insure that none of the new ore will encroach on the existing coarse rock ore slopes. In addition, we plan to crush all new ore to minus one-inch in size, which will eliminate the possibility of any coarse boulders rolling down the slopes and damaging the side ditch liners.

4) FURTHER TESTING ON HEAP 4-5:

We also would like to work out with your Department a procedure for adding a potassium salt "tracer" to leach solutions for heap No.4-5, which is at an elevation sufficient so that it possibly could account for some of the ground water which we have encountered in our test wells in this vicinity.

If it can be demonstrated that, on continued leaching that no increase occurs in the potassium level of the ground water, it would be our intention to request also a two year extension on the use of this heap.

And finally, while we would like to avoid the duplicated expense, if you feel the need for a re-examination of the data on hand or any new studies by another outside consultant, we would be pleased to discuss specifics with you.

Sincerely,

E. B. King
President

cc: Roger Foisey, Central Utah District Health Dept., Richfield.
BLM, House Range Resource Area, Fillmore
Wayne Hedberg, Oil, Gas & Mining
D. Hartshorn, Drum Mine